

UNITED STATES MARINE CORPS
Financial Management School
Marine Corps Combat Service Support Schools
PSC Box 20041
Camp Lejeune, North Carolina 28542-0041

FBTC 0208
Jan 2000

STUDENT OUTLINE

VENDOR INVOICES AND
PAYMENT VOUCHERS

LEARNING OBJECTIVES:

1. **TERMINAL LEARNING OBJECTIVES:** Given the requirement to prepare an expenditure/collection source document, and the references, prepare an expenditure/collection source document for certification and payment in accordance with DoD FMR Vol. 10. (3451.02.08)

2. **ENABLING LEARNING OBJECTIVES:**

(a) Without the aid of references and given written questions, identify the proper procedures to validate an invoice in accordance with DoD FMR Vol. 10. (3451.02.08a)

(b) Without the aid of references and given written questions, identify the proper procedures to validate a receipt in accordance with DoD FMR Vol. 10. (3451.02.08b)

(c) Without the aid of references and given written questions, identify the elements of a certification statement in accordance with DoD FMR Vol. 10. (3451.02.08c)

(d) Without the aid of references and given written questions, identify the government forms used as payment vouchers in accordance with the DoD FMR, Vol. 10 (3451.02.08d)

OUTLINE:

1. **NATURE OF A PUBLIC VOUCHER:** A public voucher is a document or record that constitutes the authority for U. S. Government agencies to pay for the purchase of equipment, materials, supplies and services (other than personal) in support of accomplishing their assigned missions. When correctly prepared

and supported by necessary documents, a public voucher constitutes the authority for a finance officer to make payments against the U. S. Treasury by charging the accounting data cited on the voucher. These payments may be: partial, complete, final, progress, or advance payments. Public vouchers are the primary source for tracking accounting information to record changes in the status of appropriations. When completed, the public voucher represents legal evidence that an obligation has been fulfilled or liquidated and must be retained for that purpose.

2. **REQUIREMENTS OF A PUBLIC VOUCHER:** Public vouchers must be prepared to satisfy the government's payment liability of a binding contract that it has entered into with a commercial source. Payment vouchers must be prepared only when evidence of performance exists. The commercial source will provide material or services, and in return, the government will provide payment. When preparing a public voucher for payment, certain criteria must be met. A public voucher is correctly prepared when all of the following are satisfied:

a. The payment voids all legal liabilities of the government pertaining to the contract (except where partial payments are authorized in accordance with the contract).

b. All necessary supporting documentation is complete and adequate.

c. The voucher is charged to an appropriation authorized for that type of payment.

d. The control over the public voucher (original and copies) is such that there exists no possibility for duplicate payment and/or overpayment by the government.

e. The accounting data is accurate and complete so that proper expenditures/collections of appropriations may be accomplished.

3. **BASIC FLOW OF A PURCHASE (MATERIALS):** To fully understand the significance of a public voucher, we must first understand how a purchase is made from a commercial vendor. From start to finish, the documentation involved with commercial purchases will pass over many different desks prior to being completed. It is important for financial managers to know where their documentation is located at any particular time. The following is an example of how materials are typically purchased:

a. PURCHASING/CONTRACTING: A purchase request document is generated by the requester and submitted to the regional contracting office. Upon receipt of an authorized purchase request document, the purchasing agent will determine the best method of purchase, select a source of supply, and initiate a purchase action. The agent will then prepare a DD 1155 Form or SF 1449 (contract) creating an obligation between your command and the commercial source of supply. A copy of the purchase order will be forwarded to your command, DFAS Kansas City (Vendor Pay) and to the commercial vendor.

b. COMMERCIAL VENDOR: The vendor receives the purchase order and forwards (ships) the material requested to the receiving office (Transportation Management Office (TMO) or other AUTHORIZED Material Receiving Point) identified on the contract. Once this is done, the vendor will forward an original invoice to the paying activity designated in the contract. In many instances, the paying activity is DFAS, Kansas City. For others, such as delivery orders, where a monthly delivery agreement exists, the vendor will submit the invoice to the requesting activity for certification. After invoice submission, the vendor has accomplished his part of the agreement, as stated on the contract, and will await payment.

c. RECEIVING OFFICE: The receiving office will verify the materials received against the contract and forward a receiving report/delivery ticket (DD 250/DD 1155/SF 1449) to the paying activity designated on the contract. In most cases, the receiving report is a copy of the contract (DD 1155 or SF 1449) that will be discussed later in the outline.

d. REQUESTING COMMAND: If your command receives invoices, they will certify that the invoice is proper for payment and forward it to the appropriate office. Aboard most major posts or stations, certified invoices are forwarded to the regional contracting office who will FEDEX (overnight courier) the invoices to DFAS Kansas City. At other times, the payment voucher is submitted straight to DFAS, Kansas City. Each command or geographical location has it's own policies and procedures.

e. FINANCE OFFICE (DFAS KANSAS CITY): The finance office issues payment for the amount determined by comparing the original contract, inspection/receipt forms and the vendor invoice. Payment is electronically deposited in the vendor's account. A copy of the disbursing office voucher (i.e. SF 1034)

is forwarded to the regional contracting office as proof that the government's liability has been fulfilled.

4. **INVOICE CERTIFICATION:**

a. The assignment of certifying invoices in most commands falls on comptroller/fiscal office personnel. Usually two invoice certifiers (primary and alternate) are assigned in writing by the Commanding Officer and a copy of this appointment letter is forwarded to the finance office.

b. In almost all cases, invoices will be prepared and certified for three types of contractual obligations; purchase order contracts, delivery order/service contracts and government charge card programs.

(1) **Purchase Order Contracts:** Invoices will be sent directly to DFAS Kansas City (Vendor Pay) for purchase order contracts soon after the vendor ships the items ordered. Purchase order contracts are contracts for one (or more) items that were ordered and received at the same time. For example, your unit orders a telephone. After receipt of the telephone, DFAS can expect one invoice requesting payment. After certification and payment of the invoice, the contract is complete. The invoice will pay, in full, the amount owed to the vendor and fulfill the government's obligation.

(2) **Delivery Order Contracts:** Invoices will usually be received monthly for delivery order/service contracts that require the vendor to perform a service or make deliveries on a monthly basis under one contract. Utilities, telephone, lawn maintenance, etc. are examples of service contracts that are common throughout major commands in the Marine Corps. In many cases, the requisitioning activity will receive the invoices. Careful attention should be made to each invoice, ensuring only the proper number of invoices are submitted by the vendor and that the services have been performed in accordance with the stipulations of the contract. Also, attention must be made to ensure the work or service was performed in the fiscal year the appropriation you are using is available. For example, a vendor leases port-a-john's to your command and the last invoice covers the period from 12 Sept to 12 Oct. Since these dates cross fiscal years and the purchase order was for services ending 30 Sept, you can not pay the amount owed from 1-12 Oct using current year appropriations. In this example, you do not owe the vendor payment for the October dates.

(3) **Government Charge Card:** Your command will receive invoices, on a monthly basis, for the charges made by a command on a government charge card. This invoice is a Visa bill, listing all details pertaining to charges made during each particular month. Comptroller/fiscal personnel must validate the invoice by comparing charge card receipts against the details listed on the invoice. After verification, the invoice must be certified and submitted to the local contracting office or follow local command policies and procedures. DAFS Kansas City (Vendor Pay) will be the final destination of the invoice where payment will be made.

c. **Proper Invoice:** It is the responsibility of the invoice certifier to ensure that the invoice is proper. A proper invoice is defined as a bill or written request for payment provided by a business concern for material or services rendered. It must include:

(1) Name of business concern, as shown on contract, and an invoice date,

(2) Contract number or other authorization for delivery of material or services (for BPAs, include the call number),

(3) Description, price, and quantity of material or services actually delivered or rendered,

(4) Shipping and payment terms,

(5) Other substantiating documentation or information as required by the contract (e.g., if the invoice says "per attached list" or "per attached freight bill" these attachments must be provided), and

(6) Name, where practical, title, phone number and complete mailing address of responsible official to whom payment is to be

d. **Delivery/Acceptance:** Once you determine that the invoice is proper, a check must be made to verify receipt and acceptance of the material and/or services listed on the invoice. Acceptance can be made one of two ways:

(1) **Actual acceptance:** Actual acceptance is defined as a formal certification that the goods or services have been received and that they conform to the terms of the contract.

(2) **Constructive acceptance:** Unless otherwise specified in the contract, constructive acceptance is considered to take place not later than 7 calendar days after delivery of goods or services, unless there is a disagreement over quantity, quality, or contractor compliance with a contract requirement.

e. Non-Delivery/Performance: If an invoice is received and the material/services have not been delivered or performed, you must stop at this point and contact the Regional contracting office so they can take necessary steps with the commercial vendor. BEFORE A CERTIFIER CAN CERTIFY AN INVOICE, THE CERTIFIER MUST ENSURE THE GOODS OR SERVICE HAS BEEN DELIVERED OR RECEIVED IN ACCORDANCE WITH THE CONTRACT. NEVER SUBMIT PAYMENT FOR AN ITEM OR SERVICE YOU DO NOT RECEIVE. CONTACT THE REGIONAL CONTRACTING OFFICE FOR ASSISTANCE IN THESE MATTERS.

f. Certification: If there are no problems with the invoice and acceptance has been made, the certification process begins. The receiving activity places certain information on all invoices and receiving reports. A rubber stamp or mechanized stamp may be used to display the data on the reverse side of an invoice or receiving report. The recommended format is shown below. The receiving report or invoice certification must have the original signature of the certifier. Since payment dates can be affected, it is important that all of the information shown in below figure be provided. Special attention should be given to "Receipt of Goods or Service Date" and "Acceptance of Goods or Service Date."

RECEIVING ACTIVITY'S STAMP	
Purchase Order/Contract Number	-----
Invoice Numbers	-----
Receipt of Invoice Date	-----
Receipt of Goods or Services Date	-----
Acceptance of Goods or Services Date	-----
Unit Identification Code (Activity Address Code)	-----
Appropriation Data	-----
(If applicable)	-----
Forwarded to DFAS-KC (DATE)	-----
Authorized Signature (ORIGINAL)	-----
Receiving Activity Phone Number	-----

g. **Original Invoice:** To prevent duplicate payments, it is required that the invoice submitted with the payment voucher be original. Invoices marked "copy" or "duplicate" are not acceptable. However, the Comptroller General has ruled that an invoice prepared by reproductive masters or by carbon paper impression is acceptable as an original provided it is clearly marked "original invoice" and the data entered thereon is completely legible. If an original invoice is lost or destroyed, payment may be made on a memorandum copy provided that a full explanation of circumstance surrounding the loss or destruction of the original invoice with a certification that steps have been taken to prevent duplicate payment.

h. **Defective Invoice:** It is not necessary for an invoice to be totally free of defects in order to be proper. If the defect is a minor one that could be remedied easily (e.g., omission of an invoice date) except when a discount is offered, appropriate corrective action should be accomplished by any activity in the approval or payment process instead of returning the invoice. If however, there is doubt as to whether payment to the invoicing business concern would be proper, the invoice is considered materially defective and must be returned to the vendor. The return of any defective invoice must be accomplished in accordance with the following schedule:

(1) In the case of meat or meat food products, within 3 calendar days after receipt of invoice.

(2) In the case of perishable agricultural commodities, within 5 calendar days after receipt of invoice.

(3) For all other goods and services, within 7 calendar days after receipt of invoice.

(4) The notice to the contractor must be in writing and is considered effective when mailed. Maintain a record of the mailing date since timely notification prevents the payment clock from starting.

i. After the invoice has been deemed proper and all supporting documentation is correct, a certifying officer signature must be obtained. All documentation will be forwarded to the finance office in accordance with the prompt payment act.

5. **PROMPT PAYMENT ACT:**

a. The Prompt Payment Act was established by Congress in 1982 and amended on 17 October 1988. This amendment was established to help businesses who were having problems receiving payments for material and services provided to federal agencies. This Act requires a federal agency to make payments in a timely manner. The Act requires that reasons for late payments be identified and reported so management officials can determine the frequency of these problems and take corrective action as warranted. With implementation of the Act, the expected results were not only in timely payments; but also better relationships with suppliers, improved competition for government business and reduced cost for goods and services.

b. The Prompt Payment Act states that the federal government is expected to pay their bills or be penalized with interest payments. The current late payment interest rate is 6.5% until Dec 1999 at which time it will be adjusted. The interest payment provisions of the Act are viewed as a penalty for failure to accomplish the requirements of making payment in accordance with the contract. Congress anticipated the interest payments would be minimal and that no additional funding would be provided for this purpose. With this in mind, all interest payments are charged to the command at fault. The Navy, acting on the Office of Management and Budget Circular A-125, requires that invoices be certified and forwarded to the paying office no later than 5 working days after the invoice has been received and deemed proper.

6. **TYPES OF PAYMENT/COLLECTION VOUCHERS:** Expenditure and collection transactions are evidenced by source documents called vouchers. These vouchers must be approved by competent authority, such as the Disbursing Officer, and must have supporting documentation, such as contracts, receipts, inspection forms, etc. These completed forms become proof that a payment has been completed and funds have been disbursed from the U.S. Treasury (DNR) or transferred between appropriations (IDB). There are many different forms used throughout the government that are used as payment vouchers. Some have other uses in addition to being used as a payment voucher while others are used solely for payments.

a. SF 1449 and the DD 1155 Order for Supplies and Services/Request for Quotation are purchase documents that are combined purchase orders, receiving reports and payment vouchers (See your student handout for an example of these documents). The use of the DD 1155 and SF 1449 as a public voucher is authorized, provided the original or number 1 copy is retained

for use as a voucher. All contract clauses and modifications must be submitted with the DD 1155 or SF 1449 to the paying office. To determine if the DD 1155 is a payment voucher, you will need to check block #28 for a Disbursing Office Voucher (DOV) number, block #32 for Paid By information, block #33 for paid amount, and block #34 for a check number. To determine if the SF 1449 is a payment voucher, blocks 33-40 will be completely filled in. The original signature of the contracting officer is not required on copies of the DD Form 1155 or SF 1449 used as a payment voucher for Blanket Delivery Orders (BDO) and Blanket Purchase Agreement (BPA) payments (explained below). All copies of a payment voucher must contain the same information as the original.

(1) BDO's are prepared when a known amount of material/equipment is purchased but not all delivered at the same time. For example, 1000 2X4's lumber are needed but not all at the same time. You request that 100 be delivered each month for 10 months. An invoice will be submitted after each delivery.

(2) BPA are open contracts awarded to vendors who provide materials/services to the government on an "as needed" basis. When the requisitioner requires additional material/services from the supplier, a call is made, deliveries or services are rendered and invoices are submitted.

b. NAVCOMPT FORM 2277 VOUCHER FOR DISBURSEMENT AND/OR COLLECTION is a document that has multiple uses. It may be used to make a disbursement of funds, to make a collection of funds, or to transfer funds between appropriations. For example, the NavCompt Form 2277 can be used to pay local vendors, such as the Sneads Ferry Camping Shop, for goods and/or services, or to make payments to another government agencies (transfer of appropriations). It also is used to take a collection such as when a Marine is reimbursing the government for lost gear. To ensure payment has taken place, check the form carefully for a DSSN and DOV number located in the upper right-hand corner. The NavCompt Form 2277 is becoming obsolete in the vision of all services using the preferred Department of Defense (DD) Forms and Standard Forms (SF). See your student handout for an example of this document.

c. SF 1080 VOUCHER FOR TRANSFERS BETWEEN APPROPRIATIONS and/or FUNDS is used to transfer funds between appropriations (intra-governmental purchases). This form is commonly used when one service is billing another service for goods or services.

SABRS uses the SF 1080 to transmit reimbursable charges between the Marine Corps and other services. For example, the Army requests a Marine Corps unit to fix a generator. The Marine Corps unit completes the task using their own funds to pay for the labor and materials. They, in turn, bill the Army for the costs associated with the repair of the generator. SABRS performs this task by electronically billing the Army using an electronic version of the SF 1080. See your student handout for an example of this document.

d. SF 1034 Public Voucher for Purchases and Services Other Than Personal is used to make payments when the DD Form 1155 or the SF 1449 are not used. Complete instructions to complete the form are contained in the DoD FMR Volume 10, Chapter 8, paragraph 080106. The SF 1035 (Public Voucher for Purchases and Services Other Than Personal Continuation Sheet) is used in conjunction with the SF 1034 when additional space is needed. The SF 1035 without the SF 1034 is invalid. See your student handout for an example of this document.

e. NAVCOMPT Form 2035 Summary of Accounting Data may be used in support of any type voucher for indicating the appropriation data to be charged or credited when the accounting data space on the voucher is insufficient. NavCompt Form 2035's are commonly used to list document numbers and appropriation data to be charged resulting from the purchases made from the government charge card program. See your student handout for an example of this document.

REFERENCES:

1. DOD FMR Series
2. MCO P4200.15 USMC Purchasing Procedures Manual
3. MCO P7300.20 SABRS Financial Procedures Manual